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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 000371

SIPDIS

E.O. 12958: DECL: 03/16/2019

TAGS: [PREL](#) [KWBG](#) [EUN](#)

SUBJECT: EGYPTIANS AND PALESTINIANS MEET WITH EU TROIKA ON
PALESTINIAN RECONCILIATION EFFORTS

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Classified By: Charge d'Affaires Christopher Murray for reasons 1.5 (b)
and (d)

11. (C) Summary: The EU Troika (Czech FM Karel Schwarzenberg, Council High Representative Javier Solana, and Commissioner Bettina Ferrero-Waldner) met with Egyptian Foreign Minister Aboul Gheit, PA Foreign Minister el-Maliki, and the Jordanian ambassador to the EU on March 15 for dinner to discuss Palestinian issues. According to the Czech PermRep Middle East advisor and the Egyptian Embassy DCM, Aboul Gheit and al-Maliki briefed the Troika leaders on Palestinian reconciliation issues, with the Egyptian FM reportedly saying that there was an "understanding" among Palestinians on all issues except Hamas acceptance of PLO commitments, while the PA's el-Maliki was more skeptical of the possibility of coming to terms on a transition government. Both the Egyptians and Palestinians said there would be elections no later than January 2010, whether or not there is a transitional government. If there is a transitional government, it would include individuals close to Hamas or approved by Hamas, although not necessarily belonging to Hamas. If there is no new government, al-Maliki reportedly said, President Abbas will likely ask PM Fayyad to form a new government. The Palestinians complained that Israel is still not letting construction material into Gaza, hampering the PA's efforts to use the assistance money available. The Egyptians also briefed on efforts to agree on a prisoner exchange between Israel and Hamas. There was considerable concern about the prospect of Avigdor Lieberman becoming Foreign Minister of an Israeli coalition government.
End Summary

12. (C) According to the Czech PermRep Middle East advisor Tomas Smetanka and Egyptian Embassy DCM Badr Abdelatty (who briefed us separately), the March 15 dinner in Brussels hosted by the EU Troika was mainly a chance for Egyptian Foreign Minister Aboul Gheit and Palestinian Authority Foreign Minister el-Maliki to brief the Troika on efforts at Palestinian reconciliation and on an Israel-Hamas prisoner exchange prior to the March 16 meeting of the EU 27 Foreign Ministers (GAERC). Aboul Gheit reported that, at the Palestinian talks in Cairo, there was "understanding" on all issues except Hamas' acceptance of PLO commitments. There was agreement that elections would be held in January 2010, that posts in a transitional government would be distributed among Hamas (10), Fatah (8), and independents (6). Smetanka said the Egyptian FM said Hamas posts would go not to Hamas officials but rather to supporters or individuals endorsed by Hamas. There would be an "independent" Prime Minister in Ramallah and a Deputy Prime Minister in Gaza.

13. (C) Aboul Gheit reported that Hamas was willing to adhere

to the PLO charter, but not accept its agreements, according to Smetanka. Abdelatty noted that Hamas "in principle" accepted the charter but wants changes in the structure, which Fatah fears could lead to a Hamas takeover of the PLO. Smetanka said al-Maliki was more skeptical than Aboul Gheit that a transitional government could be formed, but firm in the PA's commitment to January 2010 elections no matter what happened. He said that if a transitional government cannot be agreed, President Abbas would likely reappoint Salam Fayyad as Prime Minister asking him to form a new government that would have some "new faces." El-Maliki told the Europeans that Fayyad had offered his resignation because he did not want to be an "obstacle" to reconciliation talks. The Egyptian DCM said Aboul Gheit also reported that Hamas had wanted to change the electoral law, but was convinced that it would be impossible. Aboul Gheit also reported agreement on the security apparatus, good progress on detainees held by each faction, and issues of confiscated land and buildings. The Egyptian DCM portrayed Aboul Gheit as cautious about the prospect for agreement.

14. (C) On talks on a Hamas-Israel prisoner exchange, Smetanka said that Aboul Gheit told the EU that Israel wants 100 prisoners it is holding to be deported from the Palestinian territories if they are released. Abdelatty told us that the Israelis have accepted the principle of releasing 450 detainees, but in addition to wanting to deport 100 of them, did not accept Hamas' standing with regard to 76 Israeli-Arabs included in the group.

15. (C) On the prospects of the new Israeli government all sides made public statements expressing concerns about the prospects of a Netanyahu government. Czech Foreign Minister Schwarzenberg said his job would be to deal with Israeli

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partners and a future Israeli FM "whomever they are." Solana said it would be difficult for the EU "to deal with an Israeli government not committed to a two-state solution." (Note: The morning of March 16 he clarified his remarks to say "We will be ready to do business as usual, normally with a government in Israel that is prepared to continue talking and working for a two-state solution. If that is not the case, the situation would be different." End Note) At the dinner, according to Smetanka and Abdelatty, Aboul Gheit warned it would be tough to deal with a right wing Israeli government and said he would not engage Avigdor Lieberman if he became foreign minister. He urged the EU to be "firm" with any new Israeli government. The Palestinians, reported Smetanka, were a bit more sanguine, noting that negotiations were still ongoing, and that it was not yet possible to predict what line a new Israeli government would take.

16. (C) The Palestinian FM complained publicly and in the closed meeting that the restrictions on goods going into Gaza threatened to "totally undermine" the results of the Sharm el-Sheikh donors conference. In the meeting he said that the PA had received 5,000 applications for help in rebuilding homes from Gaza residents. The PA has the money and goods to start rebuilding, but Israel will not let the items in. He complained about restrictions on particular goods and on the number of trucks entering Gaza each day. He also asked the EU's support in preventing the demolition of homes in Jerusalem, and urged the EU to coordinate with the U.S. to put pressure on Israel on demolitions and settlements. Abdelatty said the EU leaders promised a firm approach toward Israel with regard to the two-state solution, settlements, house demolitions, and crossings.

17. (C) Both Smetanka and Abdelatty emphasized that there was praise for the quick initial action by the new Administration and discussion of U.S. policy. According to Smetanka, there were questions about how the U.S. would react should there be a transitional government with members who were approved or endorsed by Hamas, but not members or officials of Hamas. Solana explained the U.S. legislative

restrictions on assistance to Hamas. According to Smetanka, the EU leaders emphasized to the Egyptians and Palestinians that there will be a "difficult discussion" if there is a transitional government including Hamas that does not accept Quartet principles. Smetanka added, however, that Europeans are looking at the question of how it would respond if there is a transitional government that respects Quartet principles even if Hamas as a movement does not.

18. (C) Comment: This is the second GAERC meeting preceded by a Middle East dinner, this time reportedly at the Egyptians' request. There was a lunch discussion of the Middle East, but no conclusions by the 27 EU Foreign Ministers at the March 16 GAERC meeting. The issue garners considerable public and private attention, with concern particularly high over the continued closure of Gaza and settlement activity. End Comment.

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